

Section 7. Disposition and Retention

5-700. **General. Classified** information no longer needed shall be processed for appropriate disposition. Classified information approved for destruction **shall** be destroyed in accordance with this Section. The method of destruction must preclude recognition or reconstruction of the classified information or material.

- a. **All** classified material received or generated in the performance of a classified contract shall be returned on completion of the contract unless the material has been declassified, destroyed, or retention of the material has been authorized.
- b. Contractors shall establish procedures for review of their classified holdings on a recurring basis to reduce these classified inventories to the minimum necessary for effective and efficient operations. Multiple copies, obsolete material, and classified waste shall be destroyed as soon as practical after it has served its purpose. Any appropriate downgrading and declassification actions shall be taken on a timely basis to reduce the volume and to lower the level of classified material being retained by the contractor.

5-701. **Disposition of Classified.** Contractors shall return or destroy classified material in accordance with the following schedule:

- a. If a bid, proposal, or quote is not submitted or is withdrawn, within 180 days after the opening date of bids, proposals, or quotes.
- b. If a bid, proposal, or quote is not accepted, within 180 days after notification that a bid, proposal, or quote has not been accepted.
- c. If a successful bidder, within 2 years after final delivery of goods and services, or after completion or termination of the classified contract, whichever comes first.
- d. **If** the classified material was not received under a specific contract, such as material obtained at classified meetings or from a secondary distribution center, within 1 year after receipt.

5-702. **Retention of Classified Material.** Contractors desiring to retain classified material received or generated under a contract may do so for a period of 2 years

after completion of the contract, provided the GCA does not advise to the contrary. If retention is required beyond the 2 year period, the contractor must request and receive written retention authority from the GCA.

- a. Contractors shall identify classified material for retention as follows:
 - (1) TOP SECRET material shall be identified in a list of specific documents unless the GCA authorizes identification by subject matter and approximate number of documents.
 - (2) SECRET and CONFIDENTIAL material may be identified by general subject matter and the approximate number of documents.
- b. Contractors **shall** include a statement of justification for retention based on the following:
 - (1) The material is necessary for the maintenance of the contractor's essential records.
 - (2) The material is patentable or proprietary data to which the contractor has title.
 - (3) The material will assist the contractor in independent research and development efforts.
 - (4) The material will benefit the U.S. Government in the performance of other prospective or existing Government agency contracts.
 - (5) The material is being retained in accordance with the "records retention clause" of the contract.
 - (6) The material will benefit the U.S. Government in the performance of another active contract and will be transferred to that contract (specify contract).

5-703. **Termination of Security Agreement.** Notwithstanding the provisions for retention outlined above, in the event that the FCL is to be terminated, the contractor shall return all classified material in its possession to the GCA concerned, or dispose of such material in accordance with instructions from the CSA.

5-704. **Destruction.** Contractors shall destroy classified material in their possession as soon as possible after it has served the purpose for which it was, (a) Released by the government, (b) Developed or prepared by the contractor, and (c) Retained after completion or termination of the contract.

5-705. **Methods of Destruction.** Classified material may be destroyed by burning, shredding, pulping, melting, mutilation, chemical decomposition, or pulverizing (for example, hammer mills, choppers, and hybridized disintegration equipment). Pulpers, pulverizers, or shredders may be used only for the destruction of paper products. High wet Strength paper, paper mylar, durable-medium paper substitute, or similar water repellent type papers are not sufficiently destroyed by pulping; other methods such as disintegration, shredding, or burning shall be used to destroy these types of papers. Residue **shall** be inspected during each destruction to ensure that classified information cannot be reconstructed. Crosscut shredders shall be designed to produce residue particle size not exceeding 1/32 inch in width (with a 1/64 inch tolerance by 1/2 inch in length). Classified material in microform; that is, microfilm, microfiche, or similar high data density material may be destroyed by burning or chemical decomposition, or other methods as approved by the CSA.

- a. Public destruction facilities may be used only with the approval of, and under conditions prescribed by, the CSA.
- b. Classified material removed from a cleared facility for destruction shall be destroyed on the same day it is removed.

5-706. **Witness to Destruction.** Classified material shall be destroyed by appropriately cleared employees of the contractor. These individuals shall have a full understanding of their responsibilities. For destruction of TOP SECRET material, two persons are required. For destruction of SECRET and CONFIDENTIAL material, one **person** is required.

5-707. **Destruction Records.** Destruction records are required for TOP SECRET material. The records shall indicate the date of destruction, identify the material destroyed, and be signed by the individuals designated to destroy and witness the destruction. Destruction officials shall be required to know, through their personal knowledge, that such material was destroyed. At the contractor's discretion, the **destruction** information required may be combined with other required control records. Destruction records **shall** be maintained by the contractor for 2 years.

5-708. **Classified Waste.** Classified waste shall be destroyed as soon as practical. This applies to all waste material containing classified information. Pending destruction, classified waste **shall** be safeguarded as required for the level of classified material involved. Receptacles utilized to accumulate classified waste shall be clearly identified as containing classified material.